



House Price Index^v

England and Wales

December 2022



0.5%

monthly change



7.8%

annual change



10.2%

annual %
(excluding London
and the South East)

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Chartered Surveyors

National price rises slow but remain positive

- ✓ Price increases still evident in the North while weakening in the South
- ✓ London is the region with lowest annual price growth at 1.5%
- ✓ East Midlands again records top regional annual price increase at 14.1%

Note: The e.surv Acadata House Price Index was formerly the LSL Acadata House Price Index. Content and methodology are unchanged. Please refer to the Notes at the end for more information.

House Price	Index	Monthly Change %	Annual Change %	Annual % (excluding London and the SE)
£380,450	364.7	0.5	7.8	10.2

Richard Sexton, director at e.surv, comments:

“Our data this month shows a slowing rate of growth, which will surprise no-one but nevertheless is positive.

“The average completion price paid in both cash- and mortgage-based transactions for a home in England and Wales was £380,450, some £1,900 higher than in November.

“There are a couple of reasons why our findings are noteworthy. One is that we use all completion data for the period, from the ONS which includes cash sales and is the final price paid – as opposed to a price agreed earlier in the process such as at mortgage approval stage and therefore which might fluctuate subsequently.

“But the other point to be made is that the relative attractiveness of property remains in comparison to other asset groups over the longer-term. From the start of the pandemic in March 2020 to the end of November 2022, the average price paid for a home has increased by some £66,100, or around 21.1%. Housing as an asset group is still outperforming most other investments – particularly when you see that growth figure over the period is greater than that in consumer price inflation (including housing - CPIH) of 14.9% over the same period.

“It is very likely that whatever the economic weather the lack of supply will continue to underpin the relative strength of UK housing.”

Table 1. Average House Prices in England and Wales for the period December 2021 – December 2022

[Link to source Excel](#)

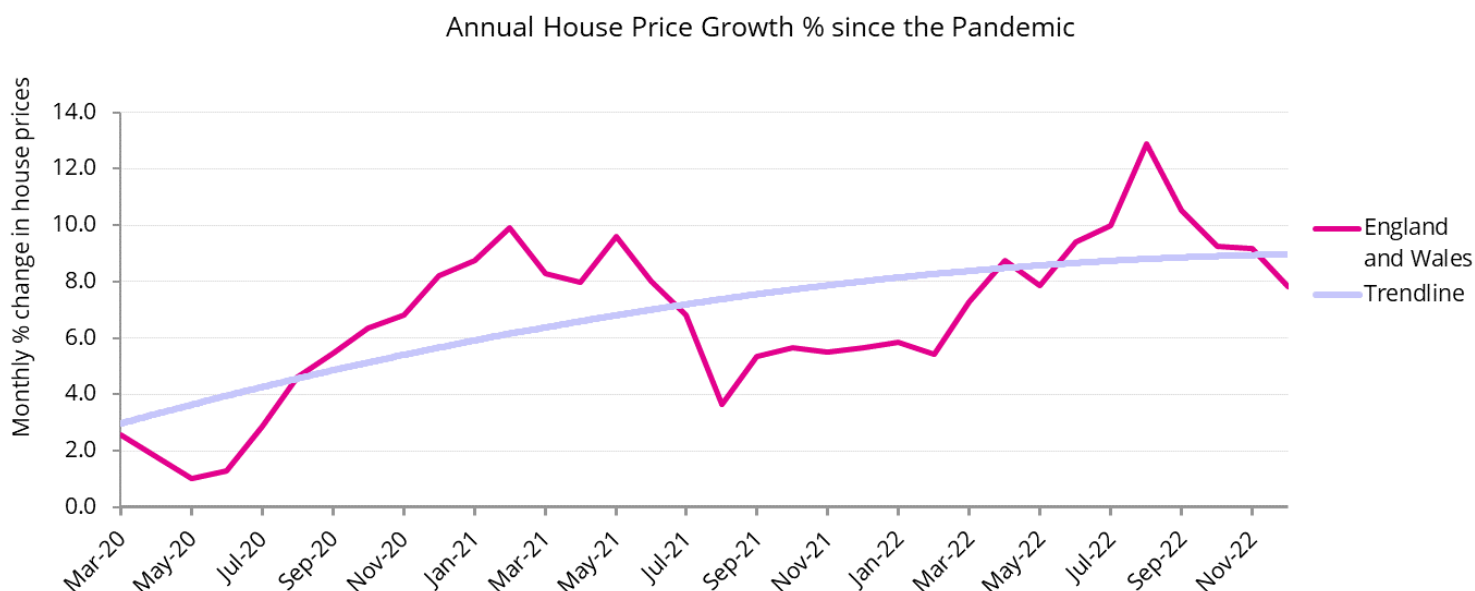
Month	Year	House Price	Index	Monthly Change %	Annual Change %
December	2021	£352,815	338.2	1.8	5.7
January	2022	£356,675	342.0	1.1	5.8
February	2022	£362,018	347.1	1.5	5.4
March	2022	£363,021	348.0	0.3	7.3
April	2022	£363,675	348.7	0.2	8.8
May	2022	£362,921	347.9	-0.2	7.8
June	2022	£363,658	348.6	0.2	9.4
July	2022	£366,349	351.2	0.7	10.0
August	2022	£370,779	355.5	1.2	12.9
September	2022	£373,966	358.5	0.9	10.5
October	2022	£376,553	361.0	0.7	9.3
November	2022	£378,542	362.9	0.5	9.2
December	2022	£380,450	364.7	0.5	7.8

Note: The e.surv Acadata House Price Index provides the “average of all prices paid for domestic properties”, including those purchases made with cash.

Commentary: John Tindale and Peter Williams, Acadata Senior Analysts

Figure 1. The average house price growth in England and Wales, March 2020 – December 2022

[Link to source Excel](#)



House prices in England and Wales rose by 0.5% in December – the same rate as seen in November. Although this rate may not be particularly significant in the context of the movement in prices over the last two years, it remains positive, which may come as a surprise to those who are keen market watchers. But as we explain on page 7, this is likely to be a consequence of our definition of when a sale takes place and establishes the completion price, coupled with the time lag between the different

stages. We use the same definition as the ONS, which is based on completed sales at the end of the conveyancing process - rather than advertised asking prices or the price agreed at mortgage approval stage, both of which are subject to change reflecting continuing negotiations between buyer and seller.

The average completion price paid in both cash- and mortgage-based transactions for a home in England and Wales in December 2022 was £380,450, some £1,900 higher than in November. Indeed, from the start of the pandemic in March 2020 to the end of November 2022, the average price paid for a home has increased by some £66,100, or around 21.1%, which contrasts with the increase in consumer price inflation (including housing - CPIH) of 14.9% over the same period. Property prices have thus risen in real terms.

On an annual (twelve-month) basis, the rate of price growth has slowed from the peak rate of 12.9% in August 2022 to 7.8% by the end of December. This rate has fallen from November's 9.2%, and although the trendline in Figure 1 above is still showing an upward trajectory, market expectations are that the rates of growth will continue to fall and indeed may become negative.

The housing market in December 2022

Since we reported last month, the BoE has published its November 2022 mortgage approvals data - 46,075 approvals in the month, down from 57,875 in October (and compared to 68,969 a year earlier). This - alongside the decidedly negative outlook of agents responding to the RICS's November 2022 report on the UK housing market, and the most recent Halifax index pointing to a continuous four month run of price falls - December 2022 does suggest that a market transition is now firmly underway, which will ultimately be reflected in lower completion prices.

The likely length and depth of any possible housing market downturn is a point of much debate. Depending upon what happens in the macro-economy - and not least with regard to interest rates and inflation - a housing market downturn might be short-lived, and with limited negative impacts, e.g. in terms of prices, mortgage arrears and possessions. However, if any recession gathers more momentum with sharply rising unemployment alongside continued interest rate rises, then market pressures will intensify.

Some comfort can be drawn from the fact that around 80% of borrowers are on fixed-rate mortgages, and all borrowers since 2014 have been through the 3% affordability stress test: however, of course their circumstances may have changed, and most fixed rates are relatively short term. So there will be cost pressures, but there are now much stronger lender forbearance measures in place.

In addition, mortgage rates have continued to edge downwards from the peaks seen in October and early November, and this holds out the promise of somewhat reduced payment shocks when coming off what will now be seen as historically low mortgage rates. The era of cheap money is firmly at an end, and this will add to the dynamics and complexities of the transition.

Average Annual Regional House Prices

Figure 2. The annual change in the average house price for the three months from October 2022 to December 2022, analysed by GOR [Link to source Excel](#)

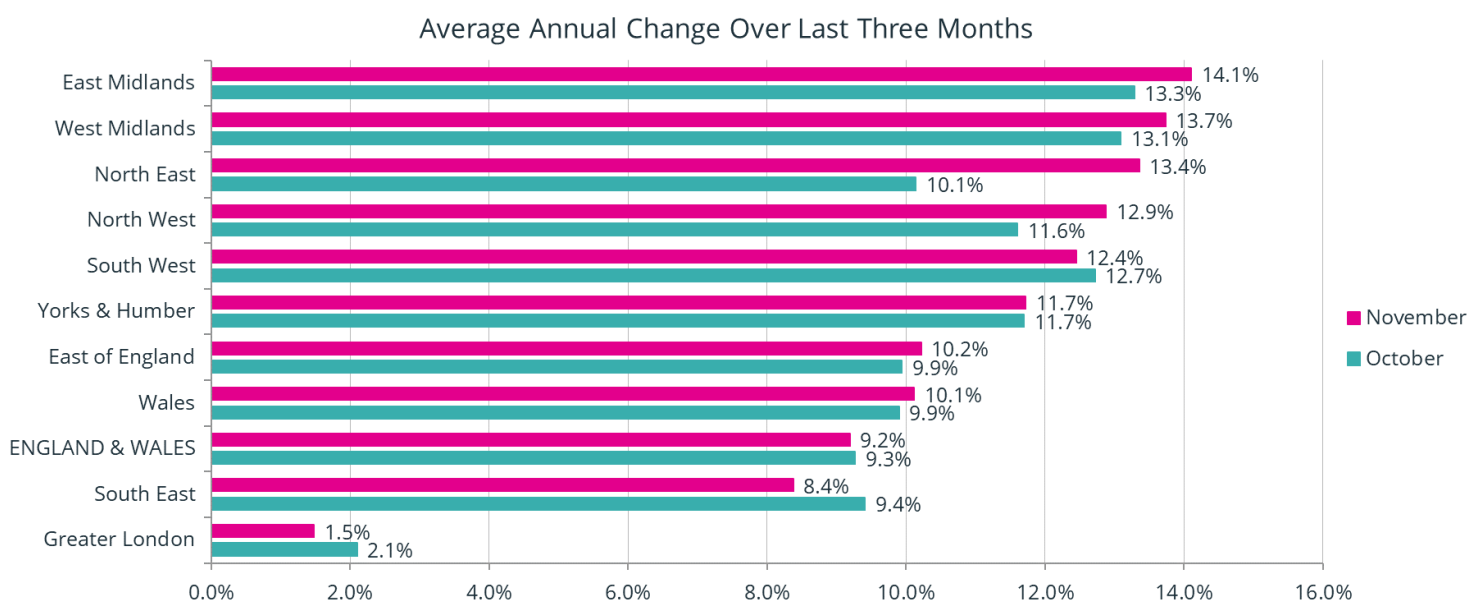


Figure 2 shows the percentage change in **annual** house prices based on completions on a regional basis in England, and for Wales, **averaged over the three-month period of October to December 2022**, compared to the same three months in 2021. These figures are produced on a rolling three-month basis to smooth out minor changes in price, with Figure 2 showing the similarly-averaged figures from one month earlier.

As can be seen - somewhat against expectations - the annual rates of price growth of the top four GOR areas in Figure 2 have seen increases over the last month, with the North East in particular having the largest increase, from 10.1% in the previous month, to 13.4% in November. In fact, price growth has accelerated in 7 of the 10 GOR areas, with slowing rates limited to three regions, all located in the south of England, being the South East, Greater London and the South West.

The East and West Midlands remain the top two regions, as was also the case last month, in terms of having the highest annual rates of price growth, at 14.1% and 13.7% respectively. In the East Midlands, six of its ten constituent unitary authority areas are setting new record average prices, and Rutland has 24% annual growth – the highest rate of all unitary authority areas in England.

The West Midlands is in second place in Figure 2 above, for the fifth month running, with Herefordshire experiencing the highest annual price growth in the region, of +18.2%, followed by the West Midlands (which includes Birmingham), at +16.6%.

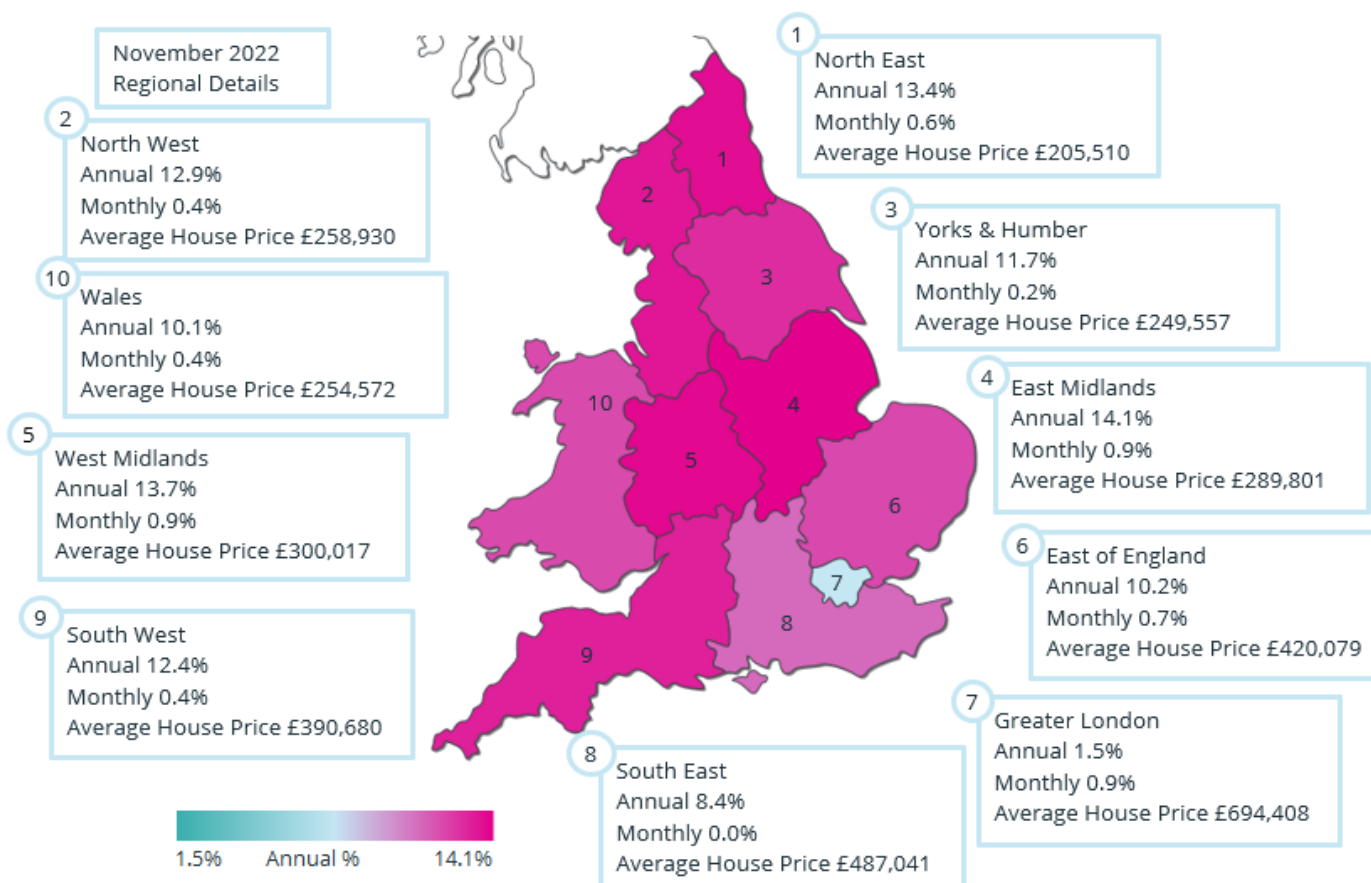
By contrast, Greater London has the lowest annual growth rate of just +1.5%, although 21 of the 33 London boroughs saw prices rise on an annual basis (one less than last month). Broadly, the most expensive inner-city areas recorded falling values - impacting eight of the top ten boroughs ranked by price. For example, in the City of Westminster, which is ranked in second place in London in terms of its average value, house prices have fallen by -30.6% over the last twelve months, while in Kensington and Chelsea – the most expensive borough in London – prices fell by -14.0% over the same period.

Over the last twelve months, there has been significant change in the ranking of the 33 London boroughs, as measured by their average property values. Hounslow has gained 6 places in its position, followed by Brent up 5 places and Kingston-upon-Thames up 4 places. The borough with the largest fall in ranking by price is Tower Hamlets, down 12 places, with average values falling from £690k in November 2021 to £545k twelve months later. Excluding the City of London, Tower Hamlets has the highest proportion of flats in its housing stock of all London Boroughs, at 93%, followed by the City of Westminster at 89%. As discussed on previous occasions, flats have failed notably to keep pace with the increase in prices for other property types during the Covid pandemic.

England and Wales Regional Heat Map

These different trends are then evident in the Regional Heat Map shown below for November 2022.

There are three distinct groups in England and Wales in November 2022 in terms of house price growth. Six of the ten GOR areas in England and Wales had rates of growth of 11.7% or higher, shaded in the deeper reds on the map. There are then three areas with rates between 8.4% and 10.2%, being the East of England, Wales and the South East. Finally, there is Greater London, out on its own, with an annual rate of just 1.5%, for the reasons discussed above.



Annual Growth Rate

The annual growth rate in the average completion-based house price recorded for England and Wales in December 2022 was 7.8%. This is 1.4% below the revised rate of 9.2% seen in November 2022, which itself was 3.7% below the 12.9% recorded in August 2022, showing that annual rates of house price growth in England and Wales have been slowing since the summer months of 2022 – see Figure 1 above.

In November 2022, 108 of the 110 Unitary Authority areas in England and Wales were recording house price gains over the previous twelve months, indicating the extent to which price rises had been normalised across the two countries. The two areas which failed to record price increases over the year are Windsor and Maidenhead, the most expensive area outside London, and Pembrokeshire in Wales. This position contrasts with Greater London, where 12 of the 33 boroughs are witnessing price falls over the year, with 9 of these 12 boroughs being in the top eleven by value.

The area with the highest annual increase in prices in November is Blaenau Gwent, at 33.1% growth – with the average price of detached homes increasing by £100k over the year to an average £334k – although this is based on a very small number of sales. The second placed authority is Rutland, with prices up 24.0%, but again this data is also based on small numbers, which tend to exaggerate the increase in prices when expressed in % terms. Our third placed authority is the Isle of Wight, with average prices up by 23.3% over the year. The average price for the Isle of Wight in November was supported by the sale of a detached home on Egypt Point, Cowes, with unobstructed views over the Solent, for £1.8 million.

Monthly Growth Rate

The monthly growth rate in the average house price for England and Wales in December was 0.5% – the same rate as seen in November, being a -0.7% decline from August. In November 2022, 39 of the 110 Unitary Authorities saw prices fall in the month, which is 21 more than the 18 one month earlier, indicating the widening extent of price declines across the country.

In November 2022, the biggest price increase in the month was in the City of Nottingham, at 4.8%. All property types saw an increase in prices in Nottingham in November, with the largest increase being seen in flats, up £6k in the month to an average £207k, supported by the purchase of a period residence ground-floor apartment with substantial garden, in The Park Estate, Nottingham, for £590k.

All 10 GOR areas in England and Wales saw prices increase during November 2022, with the largest monthly increase, of +0.9%, being in three areas, the East and West Midlands and Greater London. In the East Midlands, the City of Nottingham had the largest monthly increase, at 4.8%, see above. In the West Midlands, the largest increase, of 1.7%, occurred in both Telford and Wrekin and Warwickshire, with both authorities seeing the price of detached homes rise in the month.

In Greater London, the area with the highest increase in average prices in the month, at 5.2%, was the City of London, with a one-bedroom flat selling for £1.5 million. The borough with the second-highest increase in average prices in the month was the City of Westminster, at 4.0%, where a 5-bedroom terraced property in Wilton Place sold for £9.2 million. As mentioned earlier, despite this recent purchase, average prices over the last twelve months in the City of Westminster have fallen by -30.6%.

Comparison of Indices

Figure 3. The annual change in house prices December 2021 – December 2022 [Link to source Excel](#)

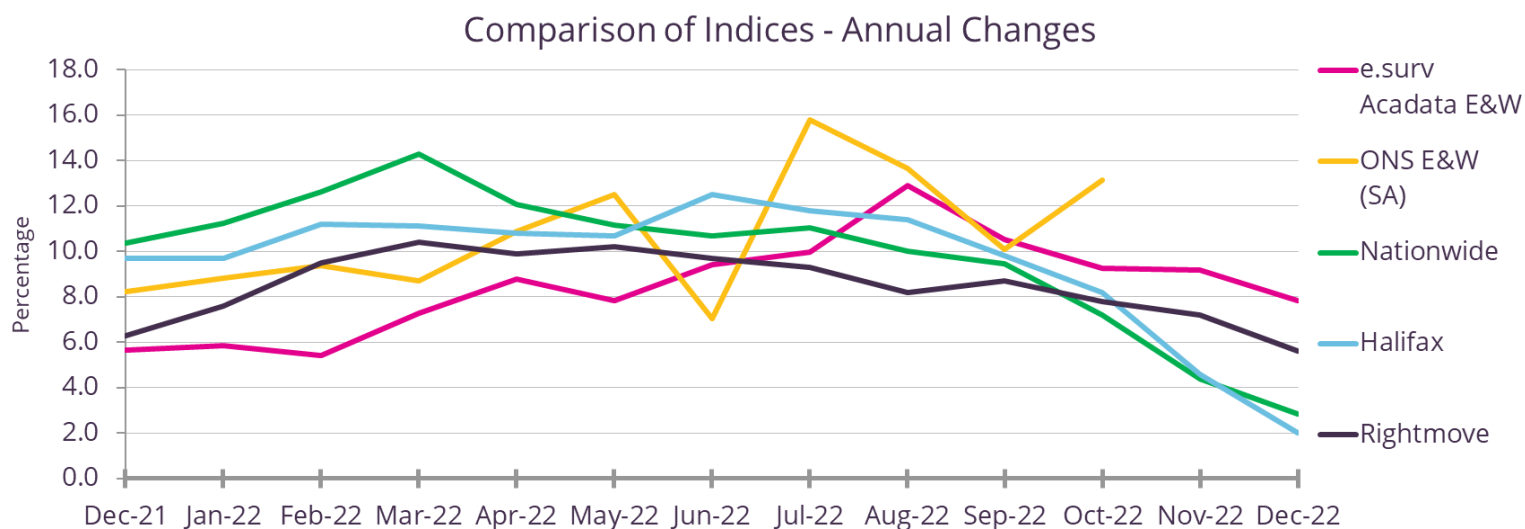


Figure 3 shows the annual change in house prices of the five published national indices. In December, all four indices that have reported to date are showing a positive movement in their annual rates of house price growth, indicating that average house prices are still higher than twelve months earlier, even if the rate of house price growth has been declining from earlier in the year.

The Nationwide and Halifax December rates are broadly similar with annual price growth of 2.8% and 2.0% respectively, with Rightmove at 5.6% and Acadata at 7.8%. The ONS index does not publish rates until two months after the event. All the indices are UK based, except for Acadata which solely covers England and Wales.

There is some disagreement between the indices as to when the peak rate of the last twelve months was reached, with Nationwide and Rightmove suggesting March 2022 at 14.3% and 10.4% respectively, Halifax suggesting June 2022 at 12.5%, ONS suggesting July 2022 at 15.8% and Acadata August 2022 at 12.9%.

September 2022 was the month in which the five indices were at their closest, with Acadata reporting the highest increase at 10.5% and Rightmove the lowest at 8.7%. March 2022 showed the widest disparity between the indices, with Nationwide at 14.3% and Acadata at 7.3%.

So why the differences? The answer is that the indices are mostly measuring different aspects of the same house buying process. Rightmove measures the seller's asking price for a property at the time it is put on the market. Nationwide and Halifax record their client's offer price for a property at the time a loan is sought from the lender. ONS and Acadata measure the final selling price of a property at the time the conveyancing has been completed, although the two indices differ in terms of their UK/GB coverage, with Acadata also applying three-month averaging to smooth out minor price oscillations.

There is therefore, almost inevitably, a timing difference in the data under study, which is currently being exacerbated by the delays in conveyancing which are taking place. A delay of six months from a property first coming to the market to its eventual sale and contractual completion is currently not uncommon. The indices thus reflect the different timings in their compilation, and each have their own merits.

Total transactions

Figure 4. The total number of housing transactions per month, January 2007 – October 2022 [Link to source](#)
[Excel](#)

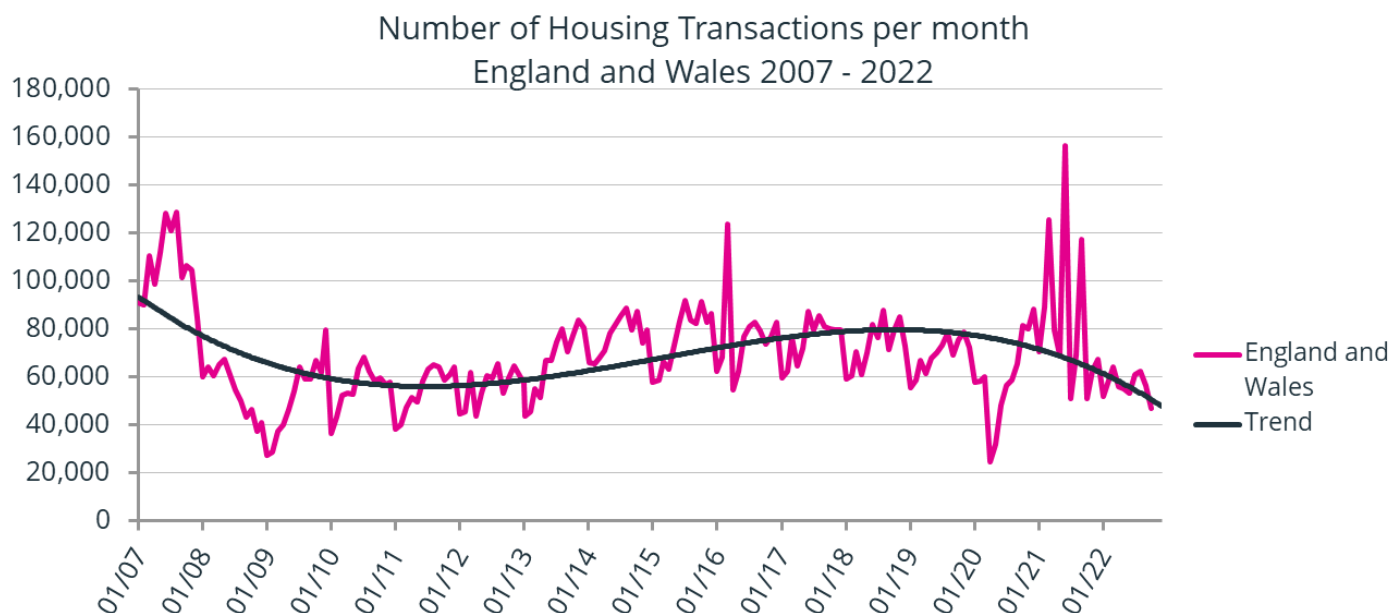


Figure 4 shows the total number of domestic property transactions per month recorded in England and Wales at the Land Registry for the period from January 2007 to October 2022.

As the chart indicates, the years 2013 – 2019 were relatively “normal”, with only the spike in sales in March 2016 – one month ahead of the additional 3% SDLT on the purchase of second homes and buy-to-let properties – upsetting the usual seasonal patterns. However, from the start of the pandemic in March 2020, the market has become notably more volatile as housing transactions in April 2020 plummeted due to the arrival of the pandemic, to be followed by a slow rise in sales as confidence began to return. Then followed a period when sales exceeded previous levels, from October 2020 to September 2021, as lifestyle changes and the SDLT/LTT tax-holidays pushed up demand, especially for properties with space to allow for working from home.

With three tax-related peaks in 2021, transactions from October 2021 through to October 2022 have mainly been running at between 50,000 and 65,000 per month. This is below the pre-pandemic norm, at approximately 80% of the levels seen from January 2017 to December 2019.

The number of domestic sales in England and Wales recorded at Land Registry for November and December 2022 as at the start of the new year stand at 29,234 and 1,752 respectively. The figure for December 2022 is particularly low, in part due to the Christmas break, with December effectively only having three working weeks in which transactions can be recorded, plus additional delays in receiving registration documents due to the postal strike.

The totals for these two latest months will increase over time as further documents are received and registered at the Land Registry.

Transactions by property type

Figure 5. The number of housing transactions per month, January 2019 – October 2022, analysed by property type [Link to source Excel](#)

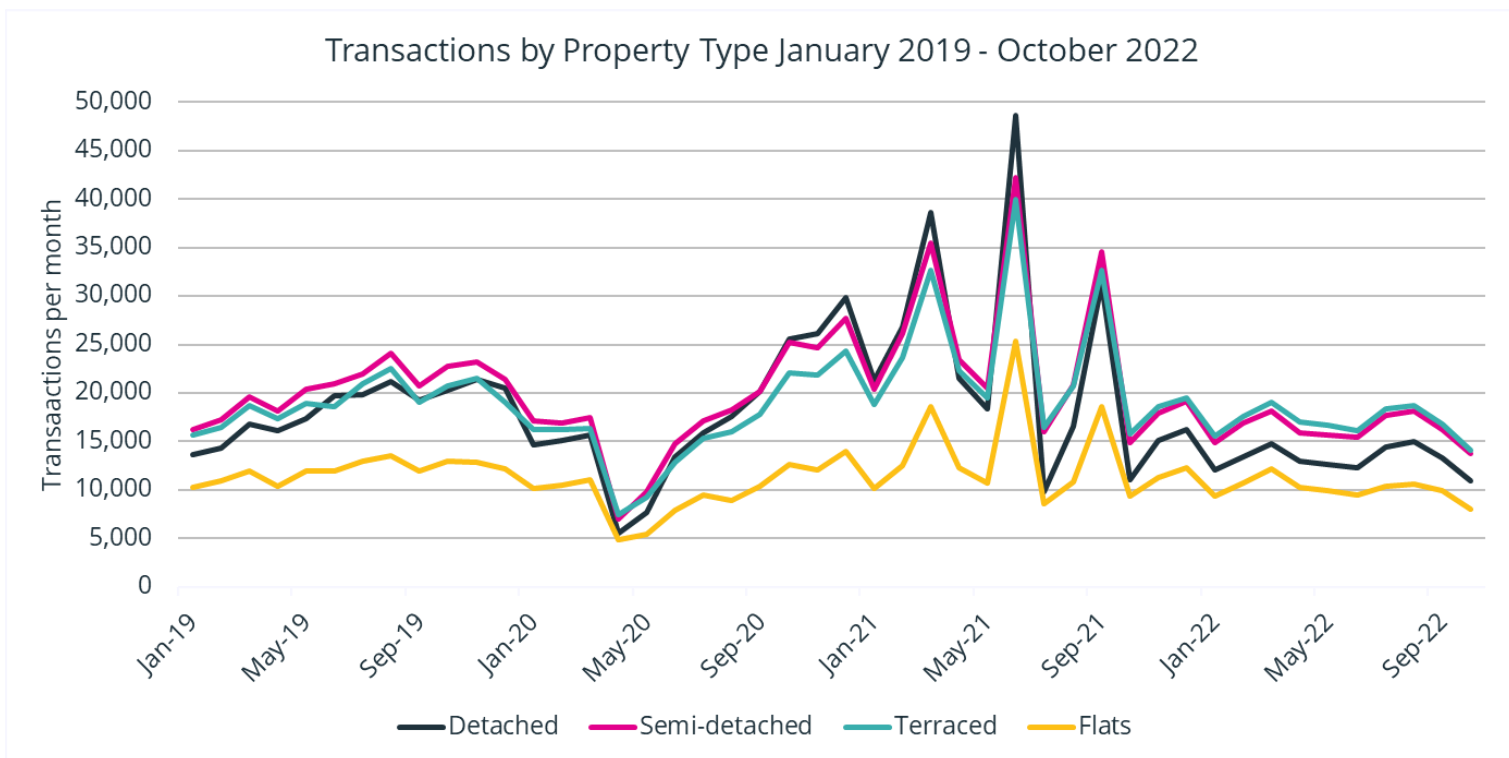


Figure 5 above analyses transactions for the period from January 2019 to October 2022 by property type. In general, transactions by each property type tend to move in similar directions to each other, with peaks and troughs tending to occur in the same months.

On closer examination, it can be seen that during 2019 and the first three months of 2022, the ranking in sales totals is headed by semi-detached, followed by terraces, detached and finally flats. However, from October 2021 onward the rankings change, with terraces outnumbering semi-detached sales, and the number of detached sales being visibly smaller than semi-detached during this latter period. Meanwhile, flats continue to trail the other three property types.

Notes

About the e.surv Acadata House Price Index

1. The e.surv Acadata House Price Index was formerly the LSL Acadata House Price Index (e.surv is part of the LSL Property Services group) and is produced by Acadata. Content and methodology are unchanged.
 2. The e.surv Acadata House Price Index (England and Wales):
 - ✓ uses the **actual** price at which every property in England and Wales was transacted, including prices for properties bought with cash, based upon the factual Land Registry data as opposed to mortgage-based prices, asking prices or prices based upon samples
 - ✓ is updated monthly so that prices of **all reported** relevant transactions are employed in our latest Acadata England and Wales House Price Index release
 - ✓ provides the arithmetic average of prices paid for houses, different from the geometric average prices used in the ONS UK House Price Index
 3. The initial e.surv Acadata House Price Index for each month, employs an academic “index of indices” model, custom-built at Cambridge, pending release of further transacted prices from the Land Registry which are reflected in our monthly index updates.
 4. All e.surv Acadata House Price Index numbers, published prior to receipt of all transaction data, are subject to change; we publish the precise numbers that result from our calculations but these numbers reflect our mix adjustment and seasonal adjustment methodologies and, initially, our index of indices model. Our indices also reflect our best endeavours and are issued in good faith without any claim as to precision, accuracy or fitness for any purpose. For more detail see www.acadata.co.uk.
 5. The Acadata website enables comparisons of selected indices over selected timescales to be undertaken [here](#) with ease and provides historic results and other information.
- For further footnotes and a description of the methodology used in the e.surv Acadata Index please click [here](#).

About Acadata

1. Acadata is an independent privately owned consultancy specialising in house price data. Our associated company MIAC Acadametrics Limited is an independent asset valuation service provider, specialising in behavioural modelling, stress testing and collateral valuation for the financial services industry.
2. The e.surv Acadata House Price Index may not be used for commercial purposes without written permission from Acadata. Specifically, it may not be used to measure the performance of investments or to determine the price at which investments may be bought or sold or for collateral valuation concerning which enquiries should be directed to MIAC Acadametrics.

About e.surv Chartered Surveyors

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The business is appointed as Panel Manager for more than 20 mortgage lenders and other entities with interests in residential property, and also provides a number of private survey products direct to the home-buying public.

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For further information, please visit our website: www.esurv.co.uk

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